

14 FAM 420

DOMESTIC PERSONAL PROPERTY MANAGEMENT

(CT:LOG-1; 05-27-2005)
(Office of Origin: A/LM)

14 FAM 421 GENERAL

14 FAM 421.1 Purpose

(CT:LOG-1; 05-27-2005)
(State Only)

This regulation prescribes policy, principles, responsibilities, and related requirements for the receipt, management, accountability, storage, utilization, maintenance, reporting and disposal of all personal property controlled by Department of State activities located in Washington, DC, and domestic field offices.

14 FAM 421.2 Authorities

(CT:LOG-1; 05-27-2005)
(State Only)

Authorities include the Federal Property and Administrative Services Act of 1949, as amended, and the Federal Property Management Regulations.

14 FAM 421.3 Clarification or Exceptions to Regulations

(CT:LOG-1; 05-27-2005)
(State Only)

Direct requests, in writing, for clarification or exceptions to these regulations to the Chief, Property Management Branch, A/LM/PMP/BA/PM.

14 FAM 421.4 Compliance with Property Management Regulations

14 FAM 421.4-1 Compliance Monitoring

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Compliance with these regulations must be monitored by the following means:
 - (1) Form DS-1875, Property Management Report, which includes the Certification of Inventory Reconciliation and Regulations Compliance Report;
 - (2) Staff assistance visits by the Property Management Branch staff (A/LM/PMP/BA/PM); and
 - (3) Office of Inspector General (OIG) visits.
- b. Evidence of noncompliance with property regulations as determined by any of these monitoring actions will be brought to the attention of the Agency Property Management Officer, Managing Director, Program Management and Policy (A/LM/PMP).

14 FAM 421.4-2 Compliance Enforcement

14 FAM 421.4-2(A) Notification of Noncompliance

(CT:LOG-1; 05-27-2005)
(State Only)

- a. The Agency Property Management Officer, Managing Director, Program Management and Policy (A/LM/PMP) must notify the appropriate accountable property officer (APO) of any instance of noncompliance with regulations detected through the monitoring process. Upon receipt of this notice, the APO must initiate immediate remedial action, and within 60 days, report actions taken to A/LM/PMP. If the report is not received in A/LM/PMP within 60 days, the responsible personnel are subject to penalties described in 14 FAM 421.4-2 (B). The A/LM/PMP/BA Property Management Branch staff will notify the bureau's APOs annually of the deadline for submitting Form DS-1875, Property Management Report.
- b. Repeated or serious instances of noncompliance, including failure by the APO to submit the required Form DS-1875, Property Management Report, or a valid request for an extension of time; failure to take remedial action, or false certification to either the annual Certification of Inventory Reconciliation or Regulations Compliance Report, must be referred to the

appropriate bureau assistant secretary by the Assistant Secretary for Administration for appropriate action.

14 FAM 421.4-2(B) Penalties for Noncompliance

(CT:LOG-1; 05-27-2005)

(State Only)

Individuals who fail to fulfill responsibilities under these regulations or falsely certify either the annual Certification of Inventory Reconciliation or the Regulations Compliance Report may be subject to administrative sanctions as described in 3 FAM 4500 or 3 FAM 4300, as appropriate.

14 FAM 422 DEFINITIONS

(CT:LOG-1; 05-27-2005)

(State Only)

Accountable property: Property that must be kept on property records, and be inventoried as required, and that meets the following criteria:

- (1) Nonexpendable personal property with an acquisition cost of \$5,000 or more per item;
- (2) All expendable and nonexpendable personal property in stock, located in warehouse or storerooms, regardless of cost;
- (3) Serialized property, including information technology equipment, with an acquisition cost of \$500 or more per item;
- (4) Leased property, regardless of cost;
- (5) Property of any value, that is sensitive by nature and attractive for personal use, as identified by the accountable property officer (APO) such as laptop computers, cellular telephones, cameras, and lenses;
- (6) Accountable property on loan; and
- (7) Heritage assets.

Accumulated depreciation: The total depreciation recorded on an asset since its acquisition.

Acquisition cost: All costs to the Government of putting the property into use when the property is originally acquired. It includes the cost of the item plus any transportation charges, handling and storage costs, labor and other direct or indirect production costs (for goods produced or constructed) and outside services for designs, plans, or specifications, billed from sources other than the vendor. It does not include training costs or warranty cost. When the acquisition cost of an item is

unavailable, the fair-market value of the item is considered to be the acquisition cost.

Administrative property: Basic common use furniture, furnishings, and equipment usually available through normal supply channels (e.g., desks, chairs, office machines, sofas, refrigerators, etc.).

Agency Property Management Officer: An individual designated to serve as a focal point for property management with responsibility and authority to account for the effective acquisition, control, use, and disposal of property for that agency.

Bar code label: This is also called the Universal Product Code (UPC). It is a series of short black lines of varied thickness usually accompanied by alphanumeric digits. A laser reader or scanner can translate the bar codes with the alphanumeric that are used to uniquely identify a property item. This Property Identification Number (PIN) is used as a basis for the inventory.

Board of survey: A panel normally consisting of three members appointed to review cases involving missing, damaged, or destroyed U.S. Government property.

Capitalized personal property: Nonexpendable personal property that has an acquisition cost of \$25,000 or more per item and an estimated service life of two years or longer must be capitalized and reported in the agency's financial statements. Additionally, the following property is capitalized:

- (1) All State-owned motor vehicles are capitalized, regardless of cost; and
- (2) Commercial off-the-shelf software configured for State operations with a total cost of \$500,000 or more is capitalized. Similarly, State software developed within the agency by direct-hire or contract employees must be capitalized if the cost of direct-hire or contractual services exceeds \$500,000. Software maintenance costs and the cost to convert data are not capitalized and should not be considered in determining the application of the threshold. Bulk purchases of software packages with a total cost of \$100,000 or more must also be reported as capitalized.

Condition: The physical state of an asset, its ability to perform as planned, and its continued usefulness, based on an evaluation.

Contractor-acquired property: Property acquired or otherwise provided by a contractor for performing a contract and to which the U.S. Government has title.

Cupboard stocks: Expendable supplies located in office supply cabinets or the like (not in a secure supply room) which are maintained to meet

normal requirements, usually not to exceed a 30-day period. Parts are not included in the cupboard stock category.

Depreciation: The allocation of the cost of an asset over a period of time for accounting and tax purposes. Also a decline in the value of property due to general wear and tear or obsolescence.

Desktop systems: Typically, personal computer hardware, software, and other peripheral devices, that users have on their desks.

Disposal: Any authorized method of permanently divesting the control of, and responsibility for property.

Excess property: Personal property no longer needed within the Department to carry out the functions of official duties or programs.

Expendable personal property: Property which, when put in use, is consumed, loses its identity, or becomes part of another item of property. Examples are office supplies, automobile tires, machine parts, and installed computer circuit boards, regardless of cost.

Fair market value: The monetary value that an agency could reasonably expect to receive for an asset in a current sale between a willing buyer and a willing seller other than in a forced or liquidation sale.

Government-furnished property: Property in the possession of, or directly acquired by, the U.S. Government and subsequently made available to a contractor.

Hazardous property: Material consisting of explosives, flammables, corrosives, combustibles, oxidizers, poisons, toxins, sources of ionizing radiation or radiant energy, biological and radiological, magnetic, and compressed gases, which, because of their nature are dangerous to store or handle and present real or potential hazards to life and/or property.

Heritage assets: Antiques, works of art, and other cultural objects with historic importance, antiquity, rare quality, or intrinsic value. This includes decorative arts such as textiles, antique furniture, clocks, sterling silver hollowware, porcelain and ceramics, and attachments such as wooden panels, hand-painted wallpapers, chandeliers, and fireplace mantels. It includes fine arts such as paintings, sculpture, and unique or limited edition prints. It also includes other cultural property such as musical instruments and rare books.

Information technology (IT): Any equipment, software, or firmware or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of electronic data or information.

Inventory: A physical count performed to determine the on-hand quantity of an item or group of items.

Invoice cost: The total of the amount paid to the vendor, including related costs such as transportation or installation, if included on the vendor's initial invoice.

Nonexpendable personal property: Property such as furniture, office machines, IT equipment, and communications equipment, which:

- (1) Is complete in itself;
- (2) Does not lose its identity or become a component part of another item when used; and
- (3) Is of a durable nature with anticipated useful life of over two years.

Personal property: Personal property includes such items as vehicles, furniture, equipment, supplies, appliances, and machinery. It refers to all property not otherwise classified as land, land improvement, buildings, and structures that are normally referred to as real property.

Program property: Specialized property associated with a unique program where the overall management and technical expertise are normally controlled by a single bureau or agency, and which is generally funded by that bureau or agency (e.g., State program motor vehicles, secure telephones, radios, classified PCs, and security equipment).

Property accountability: Property accountability includes responsibilities such as tracking the movements of assets, recording changes in physical condition, and verification of physical counts. Property managers exercise this responsibility and maintain proper control over an organization's assets through record keeping, effective policies and procedures, and appropriate security controls.

Property management: The planned acquisition, efficient utilization, physical accounting, and appropriate disposition of property.

Purchase price: The cost paid to a vendor in exchange for an item of property, exclusive of shipping, packing, and storage costs.

Receiving report: A record that ordered property items were received. This may take the form of a Form DS-127, Receiving and Inspection Report, which is the minimum required in the event of a multi-part shipment, or a handwritten notation on the acquisition document, when the complete order is received in a single shipment. Receiving reports must be in English, indicate the item cost in U.S. currency, and have any damage or discrepancies noted.

Reconciliation: Action taken to rectify discrepancies between the physical inventory count and quantities reflected on the accountable property records.

Salvage: Personal property that has some value in excess of its basic material content, but which is in such condition that it has no reasonable prospect of use and its repair or rehabilitation is impractical.

Scrap: Material that has no value except for its basic material content.

Sensitive property: Personal property, as determined by each agency, that is potentially dangerous to the public safety or security if stolen, lost, or misplaced; or that must be subject to exceptional physical security, protection, control, and accountability such as classified property, weapons, ammunition, explosives, controlled substances, radioactive material, hazardous materials or wastes, or precious metals.

Standardization: The selection of a specific brand or type of technical equipment to the exclusion of other brands or types when it can be established that such action is necessary and in the public interest. The Department's standardization procedures are outlined in Department of State Acquisition Regulation (DOSAR) 606.370.

Stock control records: Property records that identify the kind and quantity of expendable and nonexpendable property in warehouse or storerooms available for issue to bureau activities.

14 FAM 423 RESPONSIBILITIES

14 FAM 423.1 Separation of Duties

(CT:LOG-1; 05-27-2005)
(State Only)

A sound management control system must ensure that no individual is in the position to control all aspects of a transaction affecting the receipt, storage, or disposition of expendable, or nonexpendable personal property. If a separation of duties is not possible, the accountable property officer (APO) must conduct a management review at least twice a year. Duties which are to be separated whenever possible are procurement, receiving, payment, property records keeping, and conducting the annual physical inventory.

14 FAM 423.2 Agency Property Management Officer

(CT:LOG-1; 05-27-2005)
(State Only)

The Managing Director, Program Management and Policy (A/LM/PMP) is the designated Property Management Officer for the U.S. Department of State, and is responsible for establishing policy for the management and control of

the Department's personal property, reviewing property management program operations, developing and implementing property management regulations and procedures, and providing guidance in areas of receipt, storage, property accountability, inventory management, property utilization, and disposal.

14 FAM 423.3 Accountable Property Officer (APO) for Administrative Property

(CT:LOG-1; 05-27-2005)
(State Only)

- a. The executive director of each bureau or office is accountable for all administrative personal property in the control of that bureau or office located in Washington, DC, and its domestic field offices. If the organization does not have an executive director, a senior administrative official who reports directly to the assistant secretary or equivalent must be the accountable property officer (APO). The APO has the responsibility to account for property and to ensure that all transactions affecting personal property on hand, received, and disposed of within their accountable area is properly documented, including property ordered with the purchase card.
- b. The APO may delegate control and record keeping responsibility to custodial officers with responsibilities for property within a specific area(s) or for specific types of commodities. Such delegations must be in writing and clearly define all responsibilities.
- c. The APO must ensure that property management responsibilities are included in the job and work requirements of those employees having property duties. Rating and reviewing officials will address these responsibilities as part of the normal performance evaluation process.

14 FAM 423.4 Accountable Property Officer (APO) for Program Property

(CT:LOG-1; 05-27-2005)
(State Only)

In those bureaus or offices controlling program property, the assistant secretary of that bureau must designate, in writing, an accountable property officer (APO) for that property. The APO must ensure that principal custodial officer (PCO) and area custodial officer (ACO) responsibilities for program property have been established in writing, at the local level, and that written procedures are in place.

14 FAM 423.5 Custodial Officer (CO)

(CT:LOG-1; 05-27-2005)
(State Only)

- a. A custodial officer (CO) is an employee designated, in writing, by the accountable property officer (APO) to be responsible for the physical control of U.S. Government property within a specific area, or for a specific type of commodity, such as computer equipment.
- b. An area custodial officer (ACO) is one of several custodial officers within a larger office or bureau who has responsibility for the care and proper utilization of property assigned to a specific custodial area, but not for keeping the property records.
- c. A principal custodial officer (PCO) has supervisory responsibility for property located in several custodial areas. The PCO directs and coordinates the duties of the ACOs and maintains the accountable property records.
- d. A contract employee holding any of the positions stated in this section (14 FAM 423.5) must have his or her responsibilities clearly identified, in writing, by the accountable property officer. However, if a contractor employee is assigned receiving duties, the employee may perform receiving and inspection functions but may not sign the appropriate receiving report (Form DS-127, Receiving and Inspection Report; Form OF-347, Order for Supplies or Services; or Form SF-1449, Solicitation/Contract/Order for Commercial Items). The direct-hire employee must sign the receiving report since accepting property for a Federal agency is an inherently governmental function that is to be performed only by officers and employees of the U.S. Government.

14 FAM 423.6 Property Utilization Officer

(CT:LOG-1; 05-27-2005)
(State Only)

The Chief, A/LM/PMP/BA Property Management Branch, is the designated Property Utilization Officer for the Department of State. Responsibilities in this capacity include promoting the use of excess property, to the maximum extent possible, as the first source of supply throughout the Department; see the Federal Property Management Regulations (FPMR 101-26.101 and 101.43).

14 FAM 423.7 Signing Authority

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Authority to sign requests for supplies and equipment is vested in heads of organizational units having rank equivalent to division chief or higher. An officer with signing-level rank may delegate, in writing, with a copy kept on file, signing authority to an employee of branch level or comparable rank, if the employee reports directly to the delegating officer.
- b. The principal custodial officer (PCO) or the accountable property officer (ACO) must approve property disposal requests which are initiated by an area custodial officer.
- c. The accountable property officer must approve property disposal documents initiated by the principal custodial officer.

14 FAM 423.8 Department Employees

(CT:LOG-1; 05-27-2005)
(State Only)

Each Department of State employee is responsible for the care, protection, and proper utilization of U.S. Government property issued for that employee's use and may be required to reimburse the U.S. Government if it is damaged, lost, or destroyed as a result of negligence, improper use, or willful action on the employee's part and, if determined by the accountable property officer (APO) or property survey board, as appropriate. If a contract employee is involved, refer to FAR (Federal Acquisition Regulation) 45.504. Employees will not be held financially liable for loss, damage, or destruction due to inexpert use, inadequate supervision, or inherent defects in the property.

14 FAM 424 CONTROL OF EXPENDABLE PROPERTY

(CT:LOG-1; 05-27-2005)
(State Only)

It is incumbent upon the accountable property officer (APO) to see that adequate controls are placed on expendable supplies. Internal procedures must ensure that a limited number of employees, with alternates, are authorized to request, receive, and control supplies within the organization.

14 FAM 425 CONTROL OF NONEXPENDABLE PROPERTY

14 FAM 425.1 Use Standards

(CT:LOG-1; 05-27-2005)

(State Only)

The principal custodial officer (PCO) assigned to each domestic activity must make a determination as to whether requirements for furniture and office machines can be met through the utilization of already owned items, prior to initiating an acquisition request. The acquisition of new items must be limited to those requirements that are considered essential. The justification for the action must be fully documented and kept in the acquisition file, such as:

- (1) For essential requirements for additional employees; or
- (2) To ensure the success of critical programs.

14 FAM 425.1-1 Office Furniture

(CT:LOG-1; 05-27-2005)

(State Only)

Modular furniture provides an attractive work environment while improving office space utilization. The cost of systems furniture per work station is initially higher than metal or wood furniture; however, the cost savings of adding staff without increasing space should be considered.

14 FAM 425.1-2 Typewriters

(CT:LOG-1; 05-27-2005)

(State Only)

Typewriters that are not used regularly must be shared to the extent practical.

14 FAM 425.1-3 Draperies

(CT:LOG-1; 05-27-2005)

(State Only)

The assignment of draperies is limited to the deputy assistant secretary level and higher.

14 FAM 425.2 Property Replacement

14 FAM 425.2-1 General

(CT:LOG-1; 05-27-2005)
(State Only)

Replacement standards, which predict the life span of nonexpendable property, should normally be the basis of an orderly, balanced cycle of property replacement. Items that have reached their estimated life expectancy must be inspected to determine whether replacement is actually necessary. Items in good working condition must be retained even though standards permit replacement, unless technology advancement necessitates replacement.

14 FAM 425.2-2 Replacement Standards

(CT:LOG-1; 05-27-2005)
(State Only)

Office equipment may be replaced under the following conditions, provided a written justification supporting such replacement is retained in the procurement files:

- (1) Where there is a continuing history of breakdowns with a corresponding loss of productivity through downtime;
- (2) When the cumulative repair costs on a machine appear to be excessive; or
- (3) When machine lacks essential features required in the performance of a particular task that is continuing in nature.

14 FAM 425.3 Property Utilization

(CT:LOG-1; 05-27-2005)
(State Only)

Utilization is the measurement of the use of personal property (supplies and equipment) in comparison with established standards. U.S. Government property must be protected against fraud, waste, and abuse.

14 FAM 425.3-1 Employee

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Each employee must immediately provide the area custodial officer (ACO) with a written explanation on Form DS-310, Property Survey Report, of the circumstances surrounding any missing, damaged, or destroyed property issued for that employee's use.
- b. Employees to whom property is assigned must ensure that repairpersons are authorized to remove property from the building for repairs, before releasing property to them, and will inform the office supervisor when it is necessary for the property to be removed, so that a Form DS-1953, Property Pass, can be obtained.

14 FAM 425.3-2 Surveys

(CT:LOG-1; 05-27-2005)
(State Only)

The custodial officer must conduct property surveys at least annually to assure care and maximum use of property; to identify property for reassignment within the organization, or to identify unneeded property. Once the survey is complete, a file memorandum is prepared.

14 FAM 425.3-3 Preventive Maintenance and Repair

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Preventive maintenance:
 - (1) Employees who operate or use equipment must be charged with the responsibility of caring for this property, and for promptly notifying the proper personnel when there is a need for service or repairs. Property must be cared for in accordance with the manufacturer's recommendations;
 - (2) The determination as to whether an annual maintenance contract should be established for the servicing of office equipment or whether servicing should be performed on a per-call basis must be made in each case, after comparison of the relative cost affecting specific types of equipment.
- b. Repair: The accountable property officer (APO) must ensure that a system is established to record repair costs and related charges for all personal property having an acquisition cost of \$25,000 or more per item (capitalized property) on the maintenance records.

14 FAM 425.3-4 Property Loans and Charge Outs

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Property loans: The principal custodial officer (PCO), or acting alternate, may authorize the loan of nonexpendable property, on a temporary basis, to other bureaus. In the absence of the PCO or the alternate, the accountable property officer (APO) must authorize the loan. A definite loan period must be established and all loans must be reviewed promptly at the end of the loan period. If a loan extension is requested, it must require the same approval process as the initial loan request. Such loans, generally, are not to exceed 90 days and must be documented on Form DS-584, Nonexpendable Property Transaction.
- b. Property charge outs: Small high-cost items (e.g., hand-held communicators, portable computers, cameras, tools, etc.) required by an employee for their job over an extended period of time, should be issued under "charge out" procedure to ensure that property accountability for the item is maintained. Such arrangements are approved by the PCO and documented on Form DS-584. The existence and condition of the property must be checked at least annually.

14 FAM 425.3-5 Authorization to Remove Property from Buildings

(CT:LOG-1; 05-27-2005)
(State Only)

- a. When an employee wishes to remove property from the building, the employee's ACO must complete Form DS-1953, Authorization for Removal of Property. Form DS-1953 must also be initiated for the removal of property taken out for repair, as well as the removal of privately owned property. The only exceptions are beepers and/or cellular telephones that are issued to employees and signed for on Form DS-584, and the removal of excess property being taken by Department of Agriculture personnel for which the turn-in document, Form DS-1882, Domestic Property Excess, will substitute for Form DS-1953, Authorization for Removal of Property.
- b. Property leaving the building via the loading dock must be accompanied by a Form DS-1953, Authorization for Removal of Property, bill-of-lading, or manifest identifying the property, person or company removing the property, and its destination.
- c. A Form DS-1953 must be issued each time property is removed from the premises unless the Form DS-1953 authorizes daily removals. All Forms DS-1953 must include an expiration date, which must not exceed 90

days.

- d. The uniformed security officers at the exits are authorized to require any individual who is removing U.S. Government or privately owned property to surrender an original valid Form DS-1953 describing the property being removed.
- e. The loss of a valid Form DS-1953 must be immediately reported to the area custodial officer (ACO).

14 FAM 425.3-6 Transfer of Property

(CT:LOG-1; 05-27-2005)
(State Only)

Transfer of property must be appropriately authorized and documented on Form DS-584, Nonexpendable Property Transaction. The transfer of property to another custodial area within that bureau is authorized by the PCO. However, the transfer of property to another bureau must be approved by the accountable property officer (APO).

14 FAM 425.4 Receipt of Property

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Signing for incoming deliveries of property must be controlled. All property (expendable and nonexpendable) delivered to ordering offices must be inspected promptly by the area custodial officer (ACO) or designated alternate, and, when necessary, either Form DS-127, Receiving and Inspection Report, or the receiving report sections on Form OF-347, Order for Supplies or Services, or Form SF-1449, Solicitation/Contract/Order for Commercial Items, must be prepared (see 14 FAM 425.4, paragraph c).
- b. If a contract employee is assigned receiving duties, the employee may perform inspection and receiving functions but may not sign the appropriate receiving document (either Form DS-127, or Receiving Report sections on Forms OF-347 or SF-1449). Acceptance of property on behalf of a Federal agency is an inherently governmental function that is to be performed only by officers and employees of the U.S. Government.
- c. When either Form OF-347 or Form SF-1449, as appropriate, is used to order property, and a direct delivery from vendor to ordering office is necessary, it is the responsibility of the ordering office to verify that the contents of cartons or cases are correct, and to sign and forward the certified Form DS-127 or the Receiving Report sections of Form OF-347 or Form SF-1449, as appropriate, to the servicing invoice payment office. When the total quantity of an order is received in a single delivery, the

Receiving Report section of Form OF-347 or Form SF-1449, as appropriate, may be signed and dated and used in lieu of Form DS-127. In this event, property numbers and serial numbers are recorded on Form OF-347 or Form SF-1449, as appropriate. If a partial delivery is made by the vendor, the ACO in the ordering office will prepare Form DS-127, and forward a signed copy to the servicing invoice payment office. When accountable property is involved, a signed copy of Form OF-347 or Form SF-1449 or Form DS-127, as appropriate, must be forwarded to the PCO for entry into the NEPA database. Copies of Forms DS-127, OF-347 and SF-1449 are kept on file for three complete fiscal years. Any discrepancies in the shipment will be reported to the servicing procurement office.

- d. When a U.S. Government purchase card is used to order “accountable property” (property which meets the criteria specified in 14 FAM 425.6-1 (A)), the unit ACO must ensure that the item is recorded on the property records (NEPA), and is properly labeled.

14 FAM 425.5 Warehouse Operations

(CT:LOG-1; 05-27-2005)
(State Only)

- a. The Office of Logistics Management has responsibility for the management and control of all domestic warehouse operations. Warehouse services, including receipt, storage, packing, and distribution are centrally provided by A/LM/OPS/WLC/MAT. All requests for the acquisition of additional warehouse space, or related services, must be approved by the Director, Office of Logistics Operations. This approval is to be obtained prior to requesting the acquisition of space by the Office of Real Property Management (A/OPR/RPM) in the Bureau of Administration’s Office of Operations (A/OPR).
- b. It is the policy of the Department that personal property in any warehouse facility be accounted for at all times, and be protected against loss or damage. It will be the responsibility of the facility manager to assure that effective management controls are in place to prevent loss from damage, theft, or pilferage during receipt, storage, and shipment of U.S. Government property.
- c. Operating procedures must be issued covering receipt and inspection of personal property to insure that all property received is inspected promptly as to condition and quantity, and that the property is in accordance with the terms and specifications of the procurement document.
- d. Operating procedures must establish a time frame (not to exceed five working days) for processing all incoming shipments and include

provisions for a periodic written status report by receiving personnel, to an appropriate supervisory level, on all material remaining in the receiving holding area beyond the time frame specified in the procedures.

- e. Only those individuals so designated may receive and sign for incoming property.
- f. Hazardous commodities include explosives, flammable, corrosives, combustibles, oxidizers, poisons, toxins, sources of ionizing radiation or radiant energy, biological and radiological, magnetic, and compressed gases, which because of their nature are dangerous to store or handle. They present real or potential hazards to persons and/or property. Hazardous commodities must be segregated properly from each other and from other types of supplies (consult OBO/OM/SHEM for assistance).
- g. An annual physical inventory must be taken and the results reconciled with the property records of all stock; and records of ownership of all property held in the facility must be maintained (including any property set aside to be rehabilitated).
- h. Safety: The Department has established a hazardous communication program that provides written guidelines for complying with the Hazard Communication Standard. All activities handling hazardous materials are to contact the Safety/Health and Environmental Management Division (OBO/OM/SHEM) for a copy of the program and the hazard communication training materials (see 6 FAM 616.6).

14 FAM 425.6 Records Accountability

(CT:LOG-1; 05-27-2005)
(State Only)

Accountable property records must be maintained on expendable and nonexpendable stock inventory and on nonexpendable property in use that meets the accountability criteria prescribed in this regulation.

14 FAM 425.6-1 Criteria for Accountability

14 FAM 425.6-1(A) Accountability Level

(CT:LOG-1; 05-27-2005)
(State Only)

Property that must be kept on property records, be inventoried as required, and that meets the following criteria includes:

- (1) Nonexpendable personal property with an acquisition cost of \$5,000 or more per item;

- (2) All expendable and nonexpendable personal property in stock, located in warehouse or storerooms regardless of cost;
- (3) Serialized property, including information technology (IT) equipment, with an acquisition cost of \$500 or more per item;
- (4) Leased property, regardless of cost;
- (5) Property of any value, that is sensitive by nature and attractive for personal use, as identified by the accountable property officer (APO) such as laptop computers, cellular telephones, cameras, and lenses;
- (6) Accountable property on loan; and
- (7) Heritage assets.

14 FAM 425.6-1(B) Program Property

(CT:LOG-1; 05-27-2005)
(State Only)

When central accountable property records are maintained for program property by the responsible program office, and supplemental records also are kept at the local level, both sets of records must be continually updated, and reflect the same information.

14 FAM 425.6-1(C) Information Technology and Word Processing Equipment

(CT:LOG-1; 05-27-2005)
(State Only)

Nontempest information technology (IT) is considered administrative property and must be included on bureau property records (Nonexpendable Property Application).

14 FAM 425.6-2 Property Records

(CT:LOG-1; 05-27-2005)
(State Only)

The nonexpendable property application (NEPA) must be used by all Department bureaus/offices to track accountable, administrative-type, nonexpendable personal property.

14 FAM 425.6-3 Recording Costs

14 FAM 425.6-3(A) Property Acquired by Purchase

(CT:LOG-1; 05-27-2005)

(State Only)

- a. Nonexpendable personal property that is acquired by purchase must be recorded on the property records at full cost, including the following:
 - (1) Amount paid to vendor;
 - (2) Transportation charges, to point of initial use;
 - (3) Handling and storage costs;
 - (4) Labor and other direct or indirect production costs; and
 - (5) Outside services for designs, plans, or specifications.
- b. The cost of property acquired as a result of trade-ins must be recorded at the lesser of:
 - (1) The cash paid and/or liability incurred plus the net book value of the trade-in property; or
 - (2) The amount that the purchase price would have been without trade-in.

14 FAM 425.6-3(B) Property Acquired through Transfer or Donation

(CT:LOG-1; 05-27-2005)

(State Only)

- a. If the property has depreciated, the property must be recorded at the transferor's depreciated value, regardless of the depreciation method used by the transferor. If the depreciated value is under \$25,000 per item, the property is considered to be noncapitalized property and must not be depreciated further by the transferee.
- b. If the transferor has not recorded depreciation, the property must be recorded at the transferor's original book value. The transferee must then record accumulated depreciation equal to the amount it would have recorded if it had originally acquired the property.
- c. Donated property must be recorded at fair-market value, including transportation charges or other costs connected with placing the property in use.
- d. When the cost of an item cannot be determined, estimate the fair-market value at the time acquired.

- e. The cost of heritage assets transferred from another Federal entity must be the book value of the asset recorded on the transferring entity's books. If the receiving entity does not know the book value, the fair market value must be recorded in the office's property inventory. If fair value is not estimable, information related to the type and quality of assets transferred must be recorded.

14 FAM 425.6-4 Capitalization and General Ledger

14 FAM 425.6-4(A) Capitalized Personal Property

(CT:LOG-1; 05-27-2005)
(State Only)

Nonexpendable personal property having an acquisition cost of \$25,000 or more per item, including all motor vehicles, regardless of cost and an estimated service life of two years or longer, is to be capitalized.

14 FAM 425.6-4(B) Information Technology (IT) Software

(CT:LOG-1; 05-27-2005)
(State Only)

Information technology (IT) software is commercial off-the-shelf software configured for State operations with a total cost of \$500,000 or more. Similarly, State software developed within the agency by direct-hire or contractor employees must be capitalized if the cost of direct-hire or contractual services exceeds \$500,000. Software maintenance costs and the cost to convert data are not capitalized and should not be considered in determining the application of the threshold. The cost of subsequent program modification must be added to the depreciated capitalized value and, where appropriate, the expected useful life must be adjusted. Accountability for IT software developed within the agency will be the responsibility of the organization that developed it. Bulk purchases of software packages with a total cost of \$100,000 or more must also be reported as capitalized.

14 FAM 425.6-4(C) Program Property

(CT:LOG-1; 05-27-2005)
(State Only)

Program property for which accountability has not been delegated will be capitalized by the program office and reported by that office to the Bureau of Resource Management (RM) in accordance with 14 FAM 429.3.

14 FAM 426 PHYSICAL INVENTORY AND RECONCILIATION

14 FAM 426.1 General

(CT:LOG-1; 05-27-2005)
(State Only)

Physical inventories of accountable personal property must be taken annually and the results immediately reconciled with the property records. Upon completion of the reconciliation and appropriate approval of any records adjustments resulting from inventory discrepancies, the principal custodial officer (PCO) must prepare Part A of Form DS-1875, Certification of Inventory Reconciliation. More frequent inventories of sensitive items such as weapons, laptop computers, cellular telephones, cameras, and lenses is recommended, and would be a valuable management practice.

14 FAM 426.2 Inventory Reconciliation

(CT:LOG-1; 05-27-2005)
(State Only)

- a. When discrepancies are found between the physical inventory count and the property records, immediate action must be taken to resolve the discrepancies.
- b. Inventory overages must be documented and added to the property records. Inventory overages do not offset inventory shortages.
- c. The principal custodial officer (PCO) must report all inventory shortages to the accountable property officer (APO) on Form DS-310, Property Survey Report. In cases involving inventory shortage where the dollar value does not exceed one percent of the expendable or nonexpendable inventory value, the APO may authorize inventory adjustments when satisfied that efforts to reconcile have been reasonable and sufficient. When the value of the shortage exceeds one per cent, the APO must refer the report to the property survey board. After the property survey board action is complete, the secretary of the board returns the original copy of Form DS-310 to the APO. The property survey board must address relief from responsibility and property records adjustment in the comments field of the form.
- d. The APO or PCO must keep a physical inventory and reconciliation file for three fiscal years. The file must contain:
 - (1) A copy of any Form DS-127 documenting inventory overages, if appropriate;

- (2) A copy of any Form DS-310 documenting inventory shortages, if appropriate;
 - (3) A copy of Form DS-1875, Inventory Certification;
 - (4) The following NEPA-generated reports: Comprehensive Report, Visual Report, Inventory Coverage, Missing Property Report, and the Automatic Adjustment Report; and
 - (5) For domestic activities using the Worldwide Property Accountability System (WPAS) program, a copy of the Annual Item Inventory Report along with the specific accountable certificate.
- e. Domestic offices maintaining property records on the WPAS program must follow reconciliation procedures established by the WPAS Program Office (A/LM/PMP/BA/PM/WPAS).

14 FAM 427 EXCESS PROPERTY

14 FAM 427.1 Nonexpendable Property

(CT:LOG-1; 05-27-2005)
(State Only)

- a. The area custodial officer (ACO) must report unneeded property to the principal custodial officer (PCO). If only one custodial officer has been designated, the property is reported to the APO. Any property not reassigned for further utilization is reported to A/LM/PMP/BA/PM on Form DS-1882, Domestic Property Excess. Excess furniture, equipment, and office supplies must not be listed/commingled on the same form, but rather each commodity must be reported on a separate Form DS-1882.
- b. Prior to the removal of excess property from offices, the property must be inspected for any classified material, and Form DS-586, Turn-In Property Inspection Certification, must be prepared and affixed to each appropriate item having drawers, e.g., desks or file cabinets or any data from computer equipment, etc.
- c. Before excessing safes, the unit security officer must reset combinations on safe-files to the factory standard 50-25-50. Padlocks are to be removed from bar-lock cabinets and the combinations reset to 10-20-30. When the combination is not reset to the factory standard, the current combination must be identified on the tag affixed to the item(s).
- d. Arrangements for removal of the property must not be made until these actions have taken place.
- e. Upon receipt of Form DS-1882, Domestic Property Excess, the Property Management Branch (PM) staff assigns a Centralized Excess Property

Operations (CEPO) number to the form and notifies the bureau contact person and the principal custodial officer of this number, via e-mail. This CEPO number must be placed on each appropriate excess property tag. The PM staff forwards Form DS-1882 to the Department of Agriculture's CEPO to request the pickup of the property. CEPO personnel will call the State Department contact and schedule the pickup.

- f. Lost property found by employees or visitors must be turned over to building security guards. At the end of the holding period, DS personnel will list each item to be disposed of on the Department's Form DS-1882, Domestic Property Excess, and FAX that form directly to A/LM/PMP/BA/PM to coordinate the pickup of the property.
- g. Unclassified computer hardware, declared as excess property that can no longer be used within the Department should be donated to schools or educational nonprofit organizations, especially in Federal empowerment zones and enterprise communities, in accordance with the Computer for Learning Program, Executive Order 12999. The controlling Department bureau or domestic field office must attempt to identify an appropriate donee, prior to following routine disposal procedures. (Contact A/LM/PMP/BA/PM staff for current procedures.)

14 FAM 427.2 Expendable Supplies

(CT:LOG-1; 05-27-2005)
(State Only)

Expendable supplies that are excess to the needs of an office are reported to A/LM/PMP/BA/PM on Form DS-1882, Domestic Property Excess.

14 FAM 428 REPORTING PROPERTY LOSS OR DAMAGE

(CT:LOG-1; 05-27-2005)
(State Only)

- a. The area custodial officer (ACO) must report missing, damaged, or destroyed property to the accountable property officer (APO) through the principal custodial officer (PCO) within 15 calendar days of discovering the loss or damage.
- b. The APO or the property survey board, as appropriate, will act on reported instances of missing, damaged, or destroyed U.S. Government-owned personal property. Findings and decisions serve to relieve the APO of accountability for the property, and to establish whether an employee is personally liable for damaged or missing property. If it is determined that damage resulted from carelessness or negligence, or other fault of

an employee, the employee may be required to reimburse the U.S. Government.

- c. Employees will not be held liable for loss, damage, or destruction attributable to inexpert use or inherent defects in the property.
- d. The extent of liability for damaged property is the cost of repairs (including shipment to and from the place of repair) or the estimated cost of repair if the property is not repaired. The amount of liability for missing or destroyed property is based on the depreciated value (using straight-line method) of the item. Minimum liability level is set at 10 percent of the acquisition cost of the item, except for antiques, works of art, and other cultural objects that are not depreciated. If a deliberate or preventable action, such as unauthorized repair, results in diminished or negated value, the employee may be assessed up to the fair market value of the item. If an item, not recorded on the property records, is involved, and the acquisition cost cannot be determined, the fair market value (less any salvage value) is used for reimbursement purposes.

14 FAM 428.1 Implementation

14 FAM 428.1-1 Area Custodial Officer Action

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Upon the discovery of missing, damaged or destroyed property, the area custodial officer (ACO) must immediately prepare and submit Form DS-310, Property Survey Report, to the principal custodial officer (PCO).
- b. In the case of stolen property, the ACO will promptly notify the building guard service.

14 FAM 428.1-2 Accountable Property Officer (APO) Action

(CT:LOG-1; 05-27-2005)
(State Only)

- a. In those instances where the acquisition cost of the property is less than \$1,000 per item, the accountable property officer (APO) will ascertain the facts, determine what corrective actions are necessary, and authorize an adjustment to inventory records. If the employee contests the APO decision, the APO refers the case to the property survey board for action. The APO must refer all reports on property with an acquisition cost of \$1,000 or more per item and reports involving program property, regardless of cost, or reports when theft is suspected, regardless of cost, to the property survey board.

- b. In cases involving inventory shortage where the dollar value is one percent or less of the expendable or nonexpendable inventory value, the APO must determine what corrective actions are necessary and must authorize an adjustment to inventory records. When the shortage exceeds one percent, the report must be referred to the property survey board. If theft or fraud is suspected as accounting for the shortage, the APO must report all relevant information to the Office of Inspector General, Office of Investigations (OIG/INV).
- c. The secretary of the property survey board will forward a copy of all survey actions involving inventory shortages exceeding one percent of the total value of the inventory to OIG/INV, immediately upon receipt of the report from the APO.
- d. Cases involving loss, damage, or destruction of program property, with the exception of motor vehicles, or cases caused by civil disturbance or acts of God must be reported to the property survey board, regardless of value involved.

14 FAM 428.2 Property Survey Board

14 FAM 428.2-1 Composition

(CT:LOG-1; 05-27-2005)
(State Only)

The permanent membership of the Property Survey Board consists of the Managing Director, Program Management and Policy, as Chairperson; a representative from the Bureau of Administration Executive Director staff (A/EX), as Secretary; and a representative from the Bureau of Resource Management and Policy (RM) as designated by the Deputy Chief Financial Officer. An attorney from the Office of the Legal Adviser (L), designated by the Assistant Legal Advisor for Buildings and Acquisitions (L/BA), must serve in an advisory capacity. Neither the custodial officer nor members of the custodial officer's staff, an individual involved, or immediate supervisor of an individual involved in a survey action must be a member of the Property Survey Board. If any member is thus ineligible, the board chairperson will appoint a temporary replacement for that particular survey action. The board may also ask other officers in the Department to sit with the board in an advisory capacity. The board secretary will arrange for the board to meet, and reports should not be held more than 90 days without board action.

14 FAM 428.2-2 Purpose

(CT:LOG-1; 05-27-2005)
(State Only)

- a. The survey board will make decisions and take actions on reported instances of loss, damage, or destruction of U.S. Government-owned expendable and nonexpendable personal property having an acquisition cost of \$1,000 or more per item, all reports involving program property regardless of cost, and reports of inventory shortages of one per cent or more of the value of the expendable or nonexpendable inventory.
- b. The board will examine all evidence presented and will conduct such further inquiry as it deems necessary.
- c. The accountable property officer (APO), principal custodial officer (PCO), or the area custodial officer (ACO) may be invited to meet with the board.

14 FAM 428.3 Employee Appeal

(CT:LOG-1; 05-27-2005)
(State Only)

- a. On reports handled by the accountable property officer (APO), where the decision goes against the employee and the employee contests the decision, the employee may appeal to the Property Survey Board. The decision of the Property Survey Board is administratively final.
- b. On reports handled by the Property Survey Board, where the decision goes against the employee and the employee contests the decision, the employee may appeal to the Deputy Assistant Secretary for Logistics Management (A/LM), whose decision is administratively final.

14 FAM 428.4 Reimbursement by Employee

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Reimbursement may be made in cash or by a check payable to the Department of State and the budget and finance section will credit the appropriate account based on the source of the funding for the asset.
- b. If the employee does not consent to reimburse the U.S. Government, the case is forwarded to the Bureau of Resource Management (RM) for collection in accordance with 4 FAM.

14 FAM 429 REPORTING REQUIREMENTS

14 FAM 429.1 Property Management Report

(CT:LOG-1; 05-27-2005)
(State Only)

- a. Form DS-1875, Property Management Report, is prepared by the accountable property officer (APO) and the principal custodial officer (PCO) who must sign it and submit it to A/LM/PMP/BA/PM by March 15 each year. If the March 15 deadline cannot be met, the APO must submit a written request for permission to submit a late report to A/LM/PMP/BA/PM prior to March 15 and must include a justification for the delay and a date by which the report will be submitted.
- b. If any of the responses in the Regulations Compliance Report portion of the Form DS-1875 are negative, the Form DS-1875 must be accompanied by a memorandum stating what corrective action has been initiated and include a date by which the reporting office will be in full compliance with property management regulations. The office must subsequently send a follow-up memorandum, by the projected compliance date, confirming that the office is in total compliance with regulations.
- c. Program property: The bureau executive director (or equivalent) must ensure that the information resource management officer (or equivalent) completes the physical inventory and reconciliation of all IRM program property tracked in the Worldwide Property Accountability System (WPAS).
- d. The information resource management officer (or equivalent) must complete and submit an annual certification to the WPAS program office (A/LM/PMP/BA/PM/WPAS) by March 15 each year.

14 FAM 429.2 Capitalized Property Depreciation Report

(CT:LOG-1; 05-27-2005)
(State Only)

Offices must provide information quarterly to RM/GFS/DFS/DFO/FO/A on capitalized property. The Capitalized Property Depreciation Report is a report that shows the depreciated value of all nonexpendable personal property that has an acquisition cost of \$25,000 or more per item and all motor vehicles, regardless of cost, except automated data processing (IT) software where the capitalization level begins at \$500,000 and bulk purchases of software packages with a total acquisition cost of \$100,000 or

more must also be reported as capitalized. Additionally, bureaus must submit to RM/GFS/DFS/DFO/FO/A the Procurement Document Report and the Capitalized Property Disposals Report generated by NEPA for capitalized property for each quarter, as well as a report on nondepreciable property, which is used to prepare the financial statement reporting on heritage assets. (Reporting on all nondepreciable assets is required regardless of cost—that is, the \$25,000 threshold does not apply for purposes of reporting heritage assets.)

14 FAM 429.3 Sale/Exchange Report

(CT:LOG-1; 05-27-2005)
(State Only)

The nonexpendable property application (NEPA) produces the Sale/Exchange Report. The report is to be submitted to A/LM/PMP/BA/PM annually by March 15.